

Daily Treasury Outlook

Highlights

Global: The focus was on geopolitics and the US earnings season. Brent crude was last seen at USD110/barrel following a drone strike on Saudi Aramco's Shaybah field, which killed two people, although operations were reportedly unaffected. Iran's Revolutionary Guards continue to employ mines to hinder shipping traffic through the Strait of Hormuz. Meanwhile, President Putin has agreed to resume trilateral talks involving Russia, Ukraine, and the US, which could begin on or after 10 November. It remains to be seen whether this latest round of discussions can deliver meaningful progress, particularly given the fragile backdrop. Indeed, Russian missiles struck the Ukrainian capital this morning. Meanwhile, the latest US earnings results helped lift equities into positive territory on Wednesday (S&P 500: +0.58%; NASDAQ: +1.05%; Dow: +0.69%), although futures are pointing lower. Tesla and Meta reported their 3Q26 results after the US market close on 21 October. Meta announced AI-related capital expenditure guidance of USD135-145bn for 2026, while Tesla lowered its capex guidance to USD20bn from USD25bn earlier in the year.

In terms of economic data, UK CPI inflation rose to 3.5% YoY in September from 3.1% YoY in August, driven by higher petrol and diesel prices, while services inflation increased to 3.7% YoY from 3.4% YoY. Core CPI climbed to 2.8% YoY from 2.6% YoY. By contrast, New Zealand's CPI data released this morning showed headline inflation easing to 3.7% YoY in 3Q26 from 4.1% YoY in 2Q26.

BI's policy package yesterday delivered mixed signals. While the initial market reaction was relatively benign, how investors digest the measures over the coming days will be equally important. On the one hand, it took a clear normalisation step by raising the deposit facility rate by 25bp to 5.00%, resulting in a symmetric 75bp policy corridor around the benchmark rate. BI's characterisation of this move as policy normalisation is reasonable. On the other hand, it simultaneously announced measures to loosen liquidity conditions despite system liquidity already remaining ample and not appearing to be a major constraint on credit growth. Specifically, BI reduced the reserve requirement ratio by a cumulative 2 percentage points through end-2026, bringing it down to 7%. The clearest continuation of BI's recent policy approach was its focus on attracting capital inflows, with enhanced hedging incentives for DNDF transactions increasing from 25% to 40% for six-month tenors and from 30% to 45% for twelve-month tenors.

Market Watch: For the day ahead, the Bank of Korea is expected to remain on hold, while the Bangko Sentral ng Pilipinas is widely expected to raise its policy rate by 25bp in response to elevated inflationary pressures. Key data releases include Hong Kong's September CPI and US labour market indicators, including initial and continuing jobless claims.

Key Market Movements

Equity	Value	% chg
S&P 500	7757.2	0.6%
DJIA	52856	0.7%
Nikkei 225	64621	0.9%
SH Comp	3713.0	-0.6%
STI	5438.0	0.6%
Hang Seng	23652	-0.9%
KLCI	1602.3	0.2%

	Value	% chg
DXY	101.780	0.1%
USDJPY	158.14	0.0%
EURUSD	1.1232	0.0%
GBPUSD	1.3394	0.1%
USDIDR	18005	0.1%
USDSGD	1.2774	0.0%
SGDMYR	3.1929	0.0%

	Value	chg (bp)
2Y UST	4.81	2.99
10Y UST	5.12	1.05
2Y SGS	1.89	-0.10
10Y SGS	2.38	-2.09
3M SORA	1.25	0.27
3M SOFR	3.75	0.29

	Value	% chg
Brent	108.82	0.0%
WTI	97.15	-4.6%
Gold	4141	0.4%
Silver	57.97	0.1%
Palladium	1093	-1.1%
Copper	14356	-0.4%
BCOM	142.71	-0.4%

Source: Bloomberg

Major Markets

MY: Prime Minister Anwar Ibrahim called for fairer competition in Malaysia's digital economy, highlighting high platform commissions, restrictive contract terms and control of consumer data that could disadvantage local MSMEs. Following a 21 Oct meeting of the National Digital Economy and Fourth Industrial Revolution Council, PM Anwar said the government would examine findings from the Malaysia Competition Commission on competition in the digital ecosystem. He also identified strengthening digital infrastructure and reducing government ICT spending as priorities. PM Anwar noted that the government wanted digitalisation to attract investment and support growth while ensuring local businesses could participate on fair terms and making daily transactions easier for consumers.

ID: BI made a host of announcements yesterday (22 Oct) with wide-ranging implications. First, it kept the policy rate unchanged but raised the deposit facility rate by 25bp to 5.00%. Second, BI cut the reserve requirement ratio to 8% from 9%, effective from 1 November, and further to 7%, effective from 1 December. BI also extended the down-payment incentives for property and vehicle financing until end-2027. Lastly, BI raised the incentives for DNDF transactions from 25% to 40% for a six-month tenor and from 30% to 45% for a 12-month tenor. These measures underscore BI's reluctance to raise the policy rate, with capital flow measures remaining its preferred tool, in our view. BI remained largely non-committal about the future path of the policy rate. We continue, however, to argue that capital flow measures do not preclude rate hikes. Rising inflationary pressures, a widening current account deficit, building external pressures and reliance on capital inflows to finance the balance of payments support our view that BI will deliver one more 25bp hike by end-2027, taking the policy rate to 6.00%.

Sustainability

SG: Singapore and Sweden agreed to deepen energy cooperation, including exploring opportunities in emerging energy technologies such as hydrogen and ammonia, as well as on regional energy interconnectivity and High Voltage Direct Current (HVDC) technologies. President Tharman noted that Sweden's experience with cross-border energy management and regional grid integration is particularly relevant for Southeast Asia as it develops the ASEAN Power Grid. As Singapore plans to expand low-carbon electricity imports, managing cross-border power flows and integrating a more diverse mix of power sources will become increasingly important for maintaining grid reliability.

Credit Market Updates

Market Commentary:

- The SGD SORA OIS curve flat to lower yesterday; shorter tenors traded flat, belly tenors traded flat to 2bps lower, and 10Y tenor traded 2bps lower.
- US Investment Grade spreads traded flat at 86bps, and US High Yield spreads tightened by 5bps to 327bps. Bloomberg Global Contingent Capital spreads traded tightened by 1bps to 242bps.

- Bloomberg Asia USD Investment Grade spread widened by 2bps to 67bps, and the Asia USD High Yield spreads widened by 5bps to 383bps. (Bloomberg, OCBC)

New Issues:

- There were no issuances in the Singdollar market yesterday.
- There were USD4.7bn and USD4.95bn issuances in the APAC and DM IG markets respectively (prior business day: USD1.25bn and USD3.5bn respectively).
- Issuance in APAC markets were led by Queensland Treasury Corp (guaranteed by the State of Queensland Australia), which priced a USD2bn 10Y bond at 5.375%, while DM IG markets were led by Workday Inc, which USD2.5bn of bonds across four tranches.

Credit Headlines:

- **Bangkok Bank (BBLTB):** 9M2026 net profit fell 21.6% y/y to THB30.0bn amid lower net interest income and NIM compression. Loans grew 3.2% YTD, while the NPL ratio improved to 3.2% and CET1 rose to 17.1%.
- **Woodside Energy (WDSAU):** 3Q2026 revenue rose 2% q/q to USD4.28bn as production increased 12%. Scarborough, Trion and Louisiana LNG remained on budget and schedule, while Woodside plans to reduce its Beaumont New Ammonia investment.

Equity Market Updates

US: US stocks advanced Wednesday for a third consecutive session, with the S&P 500 rising 0.6%, the Nasdaq 100 gaining 1.1%, and the Dow adding 0.7%, as blockbuster earnings from SpaceX and Super Micro Computer reignited confidence in the AI trade. SpaceX surged 7.5%, with the move amplified by Elon Musk's remarks endorsing a potential merger with Tesla, whilst Super Micro jumped 9.6% after preliminary quarterly results exceeded prior revenue guidance by USD4b. Information technology led sector gains, with Nvidia posting its best single-day advance in over a month. AT&T was the session's worst S&P 500 performer, falling 6.3%, as Starlink competition concerns overshadowed an earnings beat and raised buyback guidance. After the close, Meta boosted its capital spending outlook and Tesla's profit beat estimates, lifting S&P 500 futures. Treasury yields were broadly little changed, with the 10-year rising 1 basis point to 5.123%, whilst a USD13b 20-year reopening drew a record-high auction yield of 5.469%, the highest since the tenor was reintroduced in 2020, though the bid-to-cover of 2.73 was above the prior auction's 2.57, limiting the market reaction. In China, mainland investors sold a net HKD4.43b of Hong Kong shares via Stock Connect for a sixth consecutive session, with the Hang Seng falling 0.9% and the CSI 300 declining 1%, weighed by CATL's earnings miss and China Mobile's nine-month revenue and profit decline. Separately, reports emerged that China is preparing for a possible Putin-Trump-Xi trilateral meeting.

Foreign Exchange

	Day Close	% Change		Day Close
DX-Y	101.780	0.08%	USD-SGD	1.2774
USD-JPY	158.14	-0.02%	EUR-SGD	1.4340
EUR-USD	1.123	-0.04%	JPY-SGD	0.8077
AUD-USD	0.703	0.37%	GBP-SGD	1.7110
GBP-USD	1.339	0.10%	AUD-SGD	0.8979
USD-MYR	4.080	-0.03%	NZD-SGD	0.7283
USD-CNY	6.676	-0.03%	CHF-SGD	1.5495
USD-IDR	18005	0.10%	SGD-MYR	3.1929
USD-VND	25859	-0.07%	SGD-CNY	5.2247

SOFR

Tenor	EURIBOR	Change	Tenor	USD SOFR
1M	2.4040	-0.46%	1M	3.9393
3M	2.6460	0.11%	2M	4.0113
6M	3.0170	0.77%	3M	4.0727
12M	3.2450	0.37%	6M	4.2416
			1Y	4.5248

Fed Rate Hike Probability

Meeting	# of Hikes/Cuts	% of Hikes/Cuts	Implied Rate Change	Expected Effective Fed Funds Rate
10/28/2026	0.149	14.900	0.037	3.918
12/09/2026	1.017	86.700	0.254	4.134
01/27/2027	1.469	45.300	0.367	4.247
03/17/2027	2.213	74.400	0.553	4.433

Equity and Commodity

Index	Value	Net change
DJIA	52,856.09	360.21
S&P	7,757.17	44.60
Nasdaq	26,702.86	278.04
Nikkei 225	64,621.24	545.82
STI	5,437.99	33.97
KLCI	1,602.27	2.69
JCI	5,328.36	49.47
Baltic Dry	2,593.00	47.00
VIX	16.68	-0.63

Government Bond Yields (%)

Tenor	SGS (chg)	UST (chg)
2Y	1.89 (--)	4.8(--)
5Y	2.17 (-0.02)	4.95 (+0.02)
10Y	2.38 (-0.02)	5.11 (+0.01)
15Y	2.42 (-0.02)	--
20Y	2.37 (-0.02)	--
30Y	2.38 (-0.04)	5.4 (-0.01)

Secured Overnight Fin. Rate

SOFR	3.88
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Commodities Futures

Energy	Futures	% chg	Soft Commodities	Futures	% chg
WTI (per barrel)	97.15	-4.6%	Corn (per bushel)	4.633	0.3%
Brent (per barrel)	108.82	0.0%	Soybean (per bushel)	12.453	-0.2%
Heating Oil (per gallon)	476.33	-3.3%	Wheat (per bushel)	6.283	-2.3%
Gasoline (per gallon)	312.05	0.1%	Crude Palm Oil (MYR/MT)	45.220	-1.6%
Natural Gas (per MMBtu)	2.79	-5.8%	Rubber (JPY/KG)	4.750	0.8%
Base Metals	Futures	% chg	Precious Metals	Futures	% chg
Copper (per mt)	14356	-0.4%	Gold (per oz)	4141	0.4%
Nickel (per mt)	16234	3.7%	Silver (per oz)	57.97	0.1%

Source: Bloomberg, Reuters

Economic Calendar

Date Time	Country Code	Event	Period	Survey	Actual	Prior	Revised
10/22/2026 5:45	NZ	CPI QoQ	3Q	0.80%	0.70%	1.50%	--
10/22/2026 5:45	NZ	CPI YoY	3Q	3.80%	3.70%	4.10%	--
10/22/2026 7:50	JN	Japan Buying Foreign Bonds	16-Oct	--	-¥161.6b	-¥339.7b	-¥339.9b
10/22/2026 7:50	JN	Foreign Buying Japan Stocks	16-Oct	--	-¥66.5b	¥3521.5b	¥3545.5b
10/22/2026 14:00	JN	Machine Tool Orders YoY	Sep F	--	--	60.40%	--
10/22/2026 14:30	PH	BSP Overnight Borrowing Rate	22-Oct	5.25%	--	5.00%	--
10/22/2026 15:00	MA	Foreign Reserves	15-Oct	--	--	\$131.8b	--
10/22/2026 15:30	TH	Gross International Reserves	16-Oct	--	--	\$276.9b	--
10/22/2026 16:30	HK	Unemployment Rate 3Mths	Sep	3.80%	--	3.80%	--
10/22/2026 16:30	HK	CPI Composite YoY	Sep	1.80%	--	1.70%	--
10/22/2026 20:30	US	Initial Jobless Claims	17-Oct	200k	--	199k	--
10/22/2026 20:30	US	Continuing Claims	10-Oct	1710k	--	1710k	--
10/22/2026 22:00	EC	Consumer Confidence	Oct P	-17	--	-16.5	--
10/22/2026 22:00	US	Leading Index	Sep	-0.10%	--	-0.10%	--

Source: Bloomberg

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